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Registre de Commerce et des Sociétés
B107111 - L150050185
déposé le 19/03/2015

MENTION

Kingdom Investments I (TSF)
société à responsabilité limitée
L-2453 Luxembourg, 6 rue Eugène Ruppert
R.C.S. Luxembourg B107111
Filiale luxembourgeoise

Kingdom Holding Company
siège social: Riyadh 11321, Arabie Saoudite
Société mère

CDO: 751

Les comptes consolidés au 31 décembre 2013 de la société mère ont été déposés au registre de commerce et des sociétés de Luxembourg.

Pour mention aux fins de publication au Mémorial Recueil des Sociétés et Associations.

Pour **Kingdom Investments I (TSF)**
Un mandataire

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Registre de Commerce et des Sociétés
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enregistré et déposé le 19/03/2015

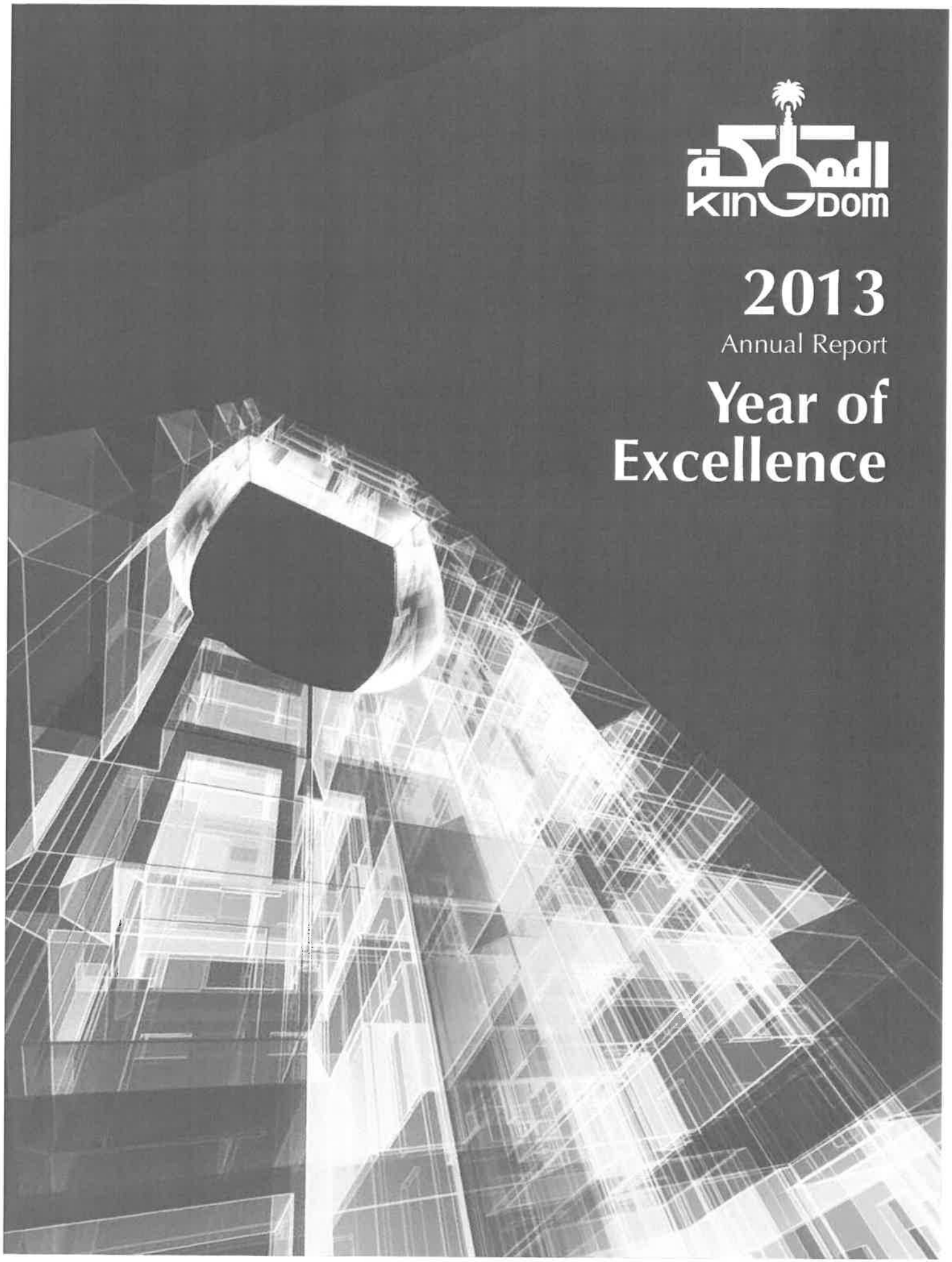
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2013
Annual Report

Year of Excellence

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In the Name of Allah,
the Merciful, the Compassionate



The Custodian of the Two Holy Mosques

King Abdullah Bin Abdulaziz Al Saud

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His Royal Highness Prince
Alwaleed Bin Talal Bin Abdulaziz Alsaud

CHAIRMAN'S STATEMENT

In the Name of Allah, the Most Gracious, the Most Merciful

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present Kingdom Holding Company's annual report and audited financial statements for the year ended December 31, 2013.

The financial results presented today reflect the Company's continued success in implementing its investment strategy and demonstrate the constant dedication and effort of the management team in developing the business. The report also outlines the Company's intention to continue driving investment towards key sectors where our expertise can realize promising growth.

Through our commitment towards excellence, we seek new investment strategies and opportunities to further generate gains within various fields. Our accomplishments were achieved through a comprehensive investment strategy based on in-depth analysis of local, regional and global market data. Kingdom Holding has maintained a methodological approach to investment with diversification at its core. The Company's investment portfolio includes assets from the following sectors: real estate; investments; financial services; hospitality services; hotel management; social networking; health; education; aviation; telecommunications; media; publishing; entertainment; retail; agriculture; and petrochemicals. Moreover, the Company has maintained its influential position in the Saudi market, giving it exceptional stature and presence worldwide.

Kingdom Holding undertakes thorough research and intensive study of promising investment opportunities before making any financial commitments, an approach that has helped the Company achieve optimum results for our business, partnerships and vision. We followed the same method when we purchased a strategic stake in Twitter, the micro-blogging service that today has more than 230 million active users around the world. This investment which has already proven itself to be rewarding has contributed to strengthening the Company's competitive advantage in local and international markets.

Kingdom Holding Company's strategic focus on local investments has achieved remarkable success and enabled the initiation of leading national projects in several sectors of the Saudi economy. The Company has established itself as a role model and demonstrated the importance and the benefits of its investment strategy.

The company has expanded its domestic investments through major real estate projects including the Kingdom Land Project in Riyadh, and through a major real estate project in Jeddah, incorporating the world's tallest tower. Those investments are aligned with the Company's board of directors' vision to invest in the homeland.

This annual report is a transparent presentation of the Company's activities, operations and businesses. It details the success and prosperity we have achieved over the year and which we are confident we will continue to achieve in the future. The report also demonstrates that the past, current and future achievements of Kingdom Holding remain consistent with our long-term investment objectives (God willing). With our proven capabilities and the dedication of the Company's board and executives, we are devoting our efforts, resources and expertise toward greater success and achievement. Kingdom Holding Company is proud to be one of the most successful and diversified investment firms in the world and an elite leading company in Saudi Arabia, the Arab Gulf Region and across the globe.

On a final note, I would like to express my thanks and appreciation to you, our valued shareholders, for your continued confidence and support. Thanks are also due to the Company's Board of Directors and executives for their ongoing efforts. I look forward to another year of further growth and sustained profitability - God willing.

Alwaleed Bin Talal Bin Abdulaziz Alsaud
Chairman

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Founded in 1980, Kingdom Holding Company (KHC) is a publicly traded company which was listed on Tadawul (the Saudi Stock Exchange) in 2007. KHC is one of the world's most successful and diversified business organizations, highly respected in the field of investments and recognized as an elite player in the Arabian Gulf region, and internationally. The Company is recognized as one of the largest foreign investors in the United States. KHC's portfolio has its major interests in investment categories ranging from luxury hotels, management hotel companies and real estate. KHC also has investments in media and publishing, as well as in entertainment. In addition it has stakes in finance and investment services, social media and technology, as well as in the consumer and retail sectors and in petrochemicals. Moreover, the Company has investments in education, health care, aviation and agriculture. In addition, KHC has investment presence in emerging markets such as Africa.

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@Kingdom_KHC

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HRH Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud
Chairman

Eng. Talal Ibrahim Almaiman
Executive Director for Development and Domestic Investments

Eng. Talal Almaiman is a member of KHC's Board. He received his B.Sc. in Electrical Engineering from the University of Evansville in the U.S.A and MBA from University of Liverpool and holds a Certificate from an Executive Management Program at Harvard Business School. He has been Director of Domestic Investments since 1996, overseeing all of KHC's development projects, as well as all of its private and public investments in Saudi Arabia. He is also a board member of the National Industrialization Company (Tasnee) and National Air Services Co. (NAS).

Eng. Ahmed Reda Halawani
Executive Director for International and Private Equity

Eng. Ahmed Halawani is a member of KHC's Board. He holds a B.Sc. in Electrical Engineering, and an M.B.A. from Georgetown University in the U.S.A. Prior to joining KHC, he spent ten years as the CEO of Al Azizia Commercial Investment Company, a KHC associated company and a leading Saudi investment firm. He also worked in Washington DC with the private sector development division of the World Bank and at Procter & Gamble.

Mr. Samad Nabil Zok
Executive Director for Hotel Investments

Mr. Zok is Chairman of and Chief Executive Officer of Kingdom Hotel Investments (KHI), the leading international hotel and resort acquisition and development Company focused on high growth emerging markets. The Company has ownership interests in 22 properties in 15 countries. Mr. Zok founded KHI in 2001 and led the company's US$1.6bn Initial Public Offering in 2006. In 2010, KHI was taken private and thus became 100% owned by KHC.

Additionally, Mr. Zok is a Board Director of Kingdom Holding Company (KHC) and a member of the company's Investment Committee where he is responsible for KHC's global hotel portfolio. This includes interests in management companies such as Four Seasons Hotels & Resorts, Fairmont Raffles Hotels International and Mövenpick Hotels and Resorts AG, as well as international real estate such as the George V in Paris, the Savoy in London and the Plaza in New York. Mr. Zok is also a member of the Board of Directors of Four Seasons Hotels & Resorts, Fairmont Raffles Hotels International and Mövenpick Hotels and Resorts AG.

Previously, Mr. Zok headed Forte PLC's development effort in emerging markets and worked at HVS International, a leading hotel consulting and valuation firm, covering European markets. Prior to this Mr. Zok gained operational experience with Hilton International.

Mr. Zok holds a Bachelor of Science in Hotel Management from the University of Surrey and a Masters of Arts in Property Valuation and Law from City University Business School in London. He is fluent in English, French and Arabic.

Mr. Shadi S. Sanbar
Executive Director for Finance and Administration

Mr. Shadi Sanbar was appointed as KHC's Chief Financial Officer in April 2007. Since 2005, he has been reporting to Prince Alwaleed as special advisor. He holds a B.A. from the University of California in Los Angeles, and an M.B.A. from the University of Oklahoma. He is also a U.S. CPA. Mr. Sanbar began his career in 1973 with Arthur Andersen in Los Angeles. He transferred to Andersen's Riyadh office in 1994 and was appointed two years later as Managing Partner for the Assurance and Business Advisory for Andersen's Middle East practice. In 2002, Andersen merged with Ernst & Young. Mr. Sanbar is also a member of the Board of Directors of Four Seasons Hotels & Resorts and Fairmont Raffles Hotels. Mr. Sanbar joined the Board in June 2012.

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HRH Prince
Alwaleed Bin Talal Bin Abdulaziz Alsaud



Eng. Talal Ibrahim Almaiman



Mr. Saleh Ali Al Sagri



Eng. Ahmed Reda Halawani



Mr. Shadi S. Sanbar



Dr. Khaled Abdullah Al Souhem



Mr. Sarmad Nabil Zok



Eng. Rasha El-Hoshan



Eng. Taher Mohammed Omar Agueel

Mr. Saleh Ali Al Sagri
Independent Board Member

Mr. Saleh Ali Al Sagri, a Saudi citizen, is a member of the Company's Board of Directors. He was born in 1953. In 1974, he received his Bachelor's degree in Business Administration from Manchester University in the United Kingdom. Mr. Al Sagri is the founder, chairman of the board and executive chairman of Safari Co., a private company that has been operating in the field of trade, contracting works and maintenance for 23 years. Previously, he spent 11 years working as an executive director of Al Sagri Trade Establishment. Mr. Al Sagri is also chairman of the board of Mediterranean Insurance & Reinsurance Co. (MEDGULF).

Dr. Khaled Abdullah Al Souhem
Independent Board Member

Dr. Khaled Al Souhem, a Saudi citizen, is a member of the Company's Board of Directors. He was born in 1959. In 1996, he gained a PhD in human resources administration from the University of Wales (Cardiff), UK. He also received a higher Diploma in Social Sciences from the same University in 1993, as well as a Bachelor's degree in Communications from King Saud University, Saudi Arabia, in 1986. Before becoming a member of the Board of Directors of the Company, Dr. Al Souhem held several executive functions at the Saudi Telecom Co. namely, General Manager of Recruitment and Personnel Staffing and Planning. He is currently the General Manager of HR development at Saudi Telecom Co. Prior to this period, Dr. Al Souhem worked at KHC for 4 years as an Assistant Executive Manager for Human Resources and Administrative Affairs. He is also member in several professional organizations such as the Saudi Organization for Management and the Arab Association for Human Resources and the American Association for Human Resources.

Eng. Taher Mohammed Omar Agueel
Non Executive Board Member

Eng. Taher Agueel, a Saudi citizen, is a member of the Company's Board of Directors. He was born in 1959. He holds bachelor and master's degrees in industrial engineering from the University of Texas, USA (having received his master's degree in 1984). He is currently Executive member, Board of Directors & Financial Advisor of National Air Services Ltd. Co. (NAS). He has in the past assumed many positions, including two years as Managing Director of Financial Services Co. (Deutsche Al-Azizia), head of the compound financing sector in the National Commercial Bank, as well as many other key positions in Saudi Industrial Investment Fund. Eng. Taher is a member of the industrial committee of the Commercial & Industrial Chamber in Jeddah, and Board member of the Gulf General Cooperative Insurance Company and Meryl Lynch KSA.

Eng. Rasha El-Hoshan
Independent Board Member

Eng. Rasha El-Hoshan joined Kingdom Holding Company in January 2012 as an independent board member and a member in KHC's audit committee. Eng. Rasha El-Hoshan is the General Manager of El-Hoshan Furniture, she is also an executive committee member and a board member of El-Hoshan Group.
Eng. Rasha holds an M.S in interior design from Pratt Institute in New York and received her Bachelors degree in Political Science - Middle East from The American University in Washington, DC.

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The Board of Directors' Report
To the Shareholders of the Kingdom Holding Company (KHC) for the financial year ended 31 December 2013

Introductory Note

The Board of Directors of Kingdom Holding Company is pleased to submit hereinafter to the Company's shareholders the 2013 Annual Report that details the Company's performance and achievements during the financial year ended 31 December 2013, highlighting the main sectors and their various activities. The Annual Report includes also the Company's final Audited Statements for the financial year ended 2013 along with the Notes to the Financial Statements that are considered part of the Financial Statements and the Auditors' Report.

Consolidated revenues for the financial year ended 31 December 2013 amounted to SR 3,132 million compared to SR 3,477 million for the year ended 31 December 2012. Consolidated net income for the year 2013 amounted to SR 742 million compared to the Consolidated Net income for the year 2012 amounting to SR 707 million. Accordingly, the profit per share reached SR 0.20 for the year ended 31 December 2013 compared to SR 0.19 profits for the year ended 31 December 2012.

During the past year, Kingdom Holding Company took wise decisions and steps that included the selling of shares and assets in various companies and industries it owns with high returns; those returns were invested in sectors that are highly profitable with high growth potential.
The Company will continue its search within all sectors for profitable investment opportunities; locally, regionally and internationally.

In conclusion, the Board of Directors extends its thanks to the Company's shareholders for their support and trust; It declared that all members have relinquished their rights to any compensations and rewards they are entitled to against their membership to the Board or any other trip and transportation allowances for the year 2013.

Company's Main Activities

The Company's objectives are general contracting, operation and maintenance, retail and wholesale trading of construction, agricultural and food products, trading services, buying of lands to develop real estate projects for the purpose of renting or selling.

Overview of Subsidiaries

The Company carries over its activities through the below listed subsidiaries:

A- Kingdom Company 5 - KR - 11 ltd (KR-11)
KR-11 is a limited liability company established and operating in the Cayman Islands. The Company's principal activity includes investments in international quoted securities through its wholly owned subsidiaries.

B- Kingdom Company 5 - KR - 100 ltd (KR-100)
KR-100 is a limited liability company incorporated in the Cayman Islands. The Company's principal activity includes the ownership and management of funds through its associates.

C- Kingdom Company 5 - KR - 132 ltd (KR-132)
KR-132 is a limited liability company established and operating in the Cayman Islands. The Company's principal activity includes holding investments in the following subsidiaries and associates that own and manage hotels:

Company Name	% of Ownership	
	2013	2012
Kingdom 5 - KR – 35 Group (George V) – France A limited liability company incorporated in the Cayman Islands. It owns the George V Hotel in France. (direct and indirect ownership with Kingdom Hotel Investments Company)	100	100
Kingdom Hotels Company Toronto Ltd. (Toronto) The Company owns 100% of the Four Seasons Hotel in Toronto - Canada	100	100
Kingdom Hotel Investments (KHI) The company was established in the Cayman Islands in May 2000 with the purpose to acquire and develop high-standard hotels in various parts of the world. The company carries out its hotel activities in 4 geographical areas: the Middle East, Africa, Asia, and Europe. The company doesn't manage directly any of the hotels; the Four Seasons Hotels and Resorts, Fairmont Hotels and Resorts, and the Mövenpick Hotels and Resorts have been chosen to manage directly those hotels on behalf of the company.	100	100

Kingdom Holding Company owns shares in the following local and foreign subsidiaries

Company Name	% of Ownership	
	2013	2012
Kingdom Schools Company Ltd. (the Schools) – Saudi Arabia Kingdom Schools Company started its operations in 2000 in Riyadh. It owns and manages Kingdom Schools.	47	47
Kingdom Company for Real Estate Development – Saudi Arabia Established in 2012 and managing "Kingdom City" project in East Riyadh.	100	100
Fashion Village Trading Company Ltd. – Saudi Arabia The company manages retail shops in Riyadh and Jeddah, which showcase top international brands.	71.8	71.8
Medical Services Projects Company Ltd. (Hospital) – Saudi Arabia The company owns and manages Kingdom Hospital and the Consulting Clinics in Riyadh.	74	74
Consulting Clinics SAL – Beirut (Clinic) – Lebanon	50.4	50.4
Kingdom Agriculture Development Company (KADCO) – Egypt Established in 1997 for land rehabilitation and for development of agricultural projects in Egypt.	100	100
Kingdom Africa Investments Management Company A management company specialized in direct investments. It is registered in the Republic of Mauritius and is responsible for managing the Company's investment funds in Africa.	100	50

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Overview of Associate Companies:

Kingdom Holding Company owns shares in the following international Associate Companies:

Company Name	% of Ownership	
	2013	2012
Fairmont Raffles Holdings International (FRHI) - Canada – FRHI is owned via Kingdom Company 5 – KR – 132 ltd (KR-132) in the Cayman Islands. Fairmont Raffles is a leading international company that owns a group of hotels around the world and operates under the umbrella of Fairmont Raffles Swiss hotel. The company also operates and manages private high-end housing units.	35.2	35.2
Four Seasons Holding Inc. (FSH Inc.) – Canada FSH is owned via Kingdom Company 5 – KR – 132 ltd (KR-132) in the Cayman islands. Four Seasons is a leading international company that owns a group of hotels around the world and operates under the umbrella of Four Seasons Hotels and Resorts. The company also runs and manages private high-end housing units.	47.5	47.5
Mövenpick Hotels and Resorts AG (Mövenpick) – Switzerland Owned via Kingdom Company 5 – KR – 132 ltd (KR-132) in the Cayman islands. Mövenpick is a leading international company that owns a group of hotels around the world and operates under the umbrella of Mövenpick Hotel. The company also runs and manages private high-end housing units.	33.3	33.3
Breezeroad Ltd. (Savoy) – United Kingdom Breezeroad Ltd is owned via Kingdom Company 5 – KR – 132 ltd (KR- 132) in the Cayman islands. It owns the historic landmark, the Savoy Hotel in London that is managed by the Fairmont company.	50	50
Kingdom XXII (USA) Ltd. (Plaza) USA Owned via Kingdom Company 5 – KR – 132 ltd (KR-132) in the Cayman islands. It owns the historic landmark, the Plaza in New York, which is managed by the Fairmont company.	25	25
Fairmont Hotel – San Francisco Owned through Kingdom Company 5 - KR - 132 ltd (KR-132) in the Cayman islands. It owns the Fairmont Hotel in San Francisco.	28	28
Pan Commonwealth African Partners Ltd. **Pan African Investment Partners Ltd. 1 and 2** Funds for asset management in Africa registered in the Republic of Mauritius.	100 100	30 30

Kingdom Holding Company owns shares in the following local and regional Associate Companies:

Company Name	% of Ownership	
	2013	2012
Real Estate Investment Company (Compound) – Saudi Arabia Established in 1997. It owns and manages a luxurious residential compound in a distinct location in Riyadh.	38.9	38.9
Trade Centre Company Ltd. (Kingdom Centre) – Saudi Arabia The company that owns Kingdom Centre in Riyadh, which is considered one of the most prominent modern landmarks in Saudi Arabia.	36	36
Jeddah Economic Company Ltd. – Saudi Arabia Established in 2008. It owns and manages the Jeddah City project in Jeddah.	33.35	33.35
National Airway Services (NAS) – Saudi Arabia NAS owns and manages an economic airline license in the KSA.	32.8	32.8
Saudi Research and Marketing Group (SRMG) – Saudi Arabia SRMG is a publicly listed company on the Saudi stock market. It publishes a number of daily and weekly newspapers and magazines.	29.9	29.9

Company's Plans and Future Outlook

The Company intends to continue targeting its investments towards the existing sectors namely, real estate, through the 2 projects it is pursuing Kingdom City/Jeddah and Kingdom City/Riyadh; hotels through the enhancement of its investment portfolio in the hotels sector by building on the administrative skills and the good reputation of its subsidiaries and affiliates and the attributes of each of its hotels. In addition to real estate and hotels, the Company will continue looking for profitable investment opportunities in other sectors locally, regionally and internationally.

2013 Highlights

Real Estate Sector, Local and Regional Investments

- Jeddah Economic Company (a subsidiary) owner of the Kingdom City project in Jeddah assigned Calthrop Company to provide the Project Master Plan and Godwin Austen Johnson as the project architects with a contract amounting at SR 6 million.
- Jeddah Economic Company (a subsidiary) owner of the Kingdom city project in Jeddah signed a management service contract for the Kingdom Tower in Jeddah with EC Harris Mace for a total value of SR 162 million. The contract includes the supervision of all contractors' activities and operations as per a set schedule.

Hotels and Hotel Management Companies:

- Breezeroad Ltd. (Savoy) (a subsidiary) signed a contract for the refinancing of the running loans related to the acquiring of the Savoy Hotel – London with the French Credit Agricole Bank and the German DekaBank through a joint 5-year financing for the value of 200 million Sterling Pounds.
- Kingdom Hotel Investment Company, a wholly owned subsidiary of Kingdom Holding Company signed an agreement for the selling of its shares in the Mövenpick Resort – Mauritius with the Outrigger Hotels and Resorts Company located in Hawaii for a total value of SR 150 million.

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International and Private Investments Sector

- Kingdom Holding Company conducted an alliance with a group of investors to acquire a share in the Chinese 360Buy Jingdong Company for a value of SR 1.5 Billion; the amount invested by KHC reached SR 469 million.

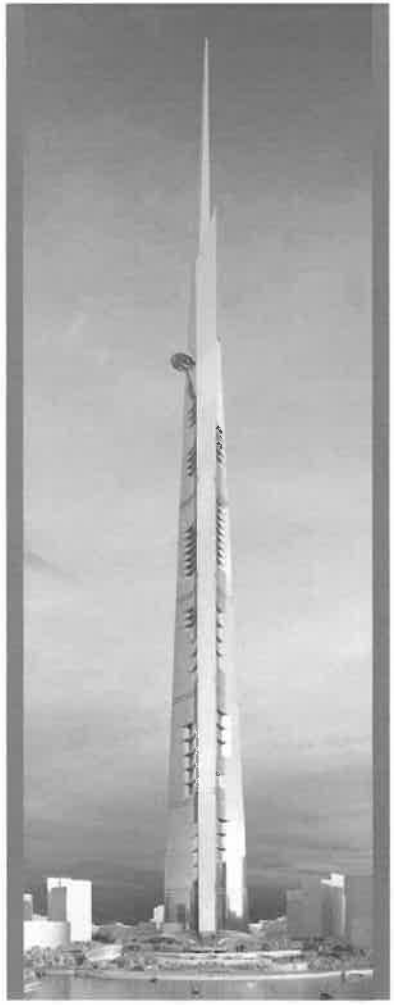
- The investment value of KHC in Twitter company rose by 200% at the closing of the first dealing day in the US stock Market whereby the investment value reached more than half a billion Saudi Riyals.

Dividends Policy

Dividends Distribution to Shareholders is governed by certain rules and regulations stated upon by the Company's bylaws whereby the Company is required to transfer 10% of its net profits after the deduction of Zakat to the statutory reserve. The Assembly General Meeting (AGM) may stop this transfer when it reaches 50% of the Company's paid up capital.

The dividends distribution policy is decided based on the Company's financial performance, market and economic conditions in general in addition to other factors including the needs of prospective investment opportunities, reinvestment, cash flow and capital requirements and business expectations and the effect of those dividends to be distributed on the Company amongst other factors including regulatory considerations.

Moreover, the Board of Directors ratified in its meeting held on Wednesday 20 February 2013 the distribution of quarterly cash dividends from the profits by 1.25% (5% for all the year) from the shares nominal value namely 12.5 Halalas/quarter for each share totaling SR 0.50 for the whole year for a total of SR 137.6 million for each quarter with the total private distribution for the whole year amounting to SR 550.3 million. The Chairman of the Board, HRH Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud has relinquished his 37 Halalas for each share he owns amounting to SR 1302.6 million from his part of the cash distributions proposed for the whole year amounting to 9.25 Halalas per share or the equivalent of SR 325.7 million from his part of the quarterly profits.



Jeddah Tower - the Highest Tower in the World

Dividends Entitlements for the payments were as follows:

- First payment: Dividends entitlement for shareholders registered in the Company records at the end of the Assembly General Meeting (AGM) on 26 March 2013. It was disbursed 2 weeks later.
- Second payment: Dividends entitlement for shareholders registered in the Company records at the end of 30 June 2013. It was disbursed 2 weeks later.
- Third payment: Dividends entitlement for shareholders registered in the Company records at the end of 30 September 2013. It was disbursed 2 weeks later.
- Fourth payment: Dividends entitlement for shareholders registered in the Company records at the end of 31 December 2013. It was disbursed 2 weeks later.

It is to be noted that the shareholders approved the above decision during the fifth Assembly General Meeting (AGM) dated 26 March 2013.

Social Responsibility

The Company, through its local subsidiaries (Trade Centre Company, Kingdom Hospital and Kingdom Schools), has effectively supported human and philanthropic initiatives in the Saudi society, through organization of exhibitions, implementation of awareness programs, support of charity societies and grant of scholarships.

Shareholders' Assemblies

Fifth Assembly General Meeting (AGM)
Kingdom Holding Company held its fifth Assembly General Meeting (AGM) at 4:00 p.m. on Tuesday 26 March 2013 at the Four Seasons Hotel presided by the Chairman of the Board HRH Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud.

The Assembly General Meeting adopted the following agenda by majority of votes:

1. Approve the content of the Board of Directors' Report for year ending 31/12/2012.
2. Ratify the Balance Sheet, the Income statement and the Auditors' report for the fiscal year ending 31/12/2012.
3. Discharge the members of the Board of Directors from their functions for the period from 1/1/2012 till 31/12/2012.
4. Select Messrs. PricewaterhouseCoopers as the company's auditors among the candidates proposed by the Audit Committee to review the Company's financials for the year 2013 and the quarterly financial statements.
5. Approve the distributed dividends for the year 2012 amounting to SR 550.3 million.
6. Approve the Board of Directors' decision to distribute quarterly dividends to shareholders.

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Meetings of the Board of Directors

The Board of Directors held 6 meetings this year. The number of meetings attended by each member is detailed below:

Member Name	Membership Type	Meeting Date						Remarks
		20/1	18/2	26/3	18/7	27/10	17/12	
His Royal Highness Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud	Non Executive	✓	✓	✓	✓	✓	✓	
Eng. Talal Ibrahim Almaiman	Executive	✓	✓	✓	✓	✓	✓	
Eng. Ahmed Reda Halawani	Executive	✓	✓	✓	-	-	-	Resigned on 30 June 2013 and it was announced in the official channels
Mr. Sarmad Nabil Zok	Executive	✓	✓	✓	✓	✓	✓	
Mr. Saleh Ali Al Sagri	Independent	✓	✓	x	✓	✓	✓	
Eng. Taher Mohammed Omar Agueel	Non Executive	✓	✓	✓	✓	✓	✓	
Dr. Khaled Abdullah Al Souhem	Independent	✓	✓	✓	✓	✓	✓	
Eng. Rasha Amer El-Hoshan	Independent	✓	✓	✓	✓	✓	✓	
Mr. Shadi S. Sanbar	Executive	✓	✓	✓	✓	✓	✓	

Shares owned by Board of Directors members, senior executives, their spouses and minor children and stakeholders:

Name	Membership Type	Companies where Board Members are Members	Number of shares	
			2013	2012
His Royal Highness Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud	Chairman of the Board	Non Executive	3,520,588,235	3,520,588,235
Eng. Talal Ibrahim Almaiman	Executive Board Member for Development and Domestic Investments	Board member of the National Industrialization Company Board member of the National Air Services Company (NAS)	5,554,938	4,378,467
Mr. Sarmad Nabil Zok	Executive Board Member for Hotel Investments	None	1,000	1,000
Mr. Shadi S. Sanbar	Executive Board Member for Finance and Administration	None	5,277,646	5,277,646
Eng. Rasha Amer El-Hoshan	Independent	None	1,000	1,000
Mr. Saleh Ali Al Sagri	Independent	Chairman for the Mediterranean & Gulf Cooperative Insurance & Reinsurance Co. (MEDGULF)	5,553,465	10,050,870
Eng. Taher Mohammed Omar Agueel	Non Executive	Board Member of Meryl Lynch KSA Board member of the Gulf General Cooperative Insurance Company	1,000	1,000
Dr. Khaled Abdullah Al Souhem	Independent	None	1,000	1,000

Compensations and remunerations granted to the Board of Directors members, senior executives including the CFO

	Board of Directors		
	Non Executive Board Members	Executive Board Members	4 Senior Executives including the CFO
Salaries	-	-	2,812,500
Benefits	-	-	1,406,250
Bonuses	-	-	18,265,154
Compensation for Board meetings attendance	-	-	-

Committees:

Investment Committee

The committee carries the overall control of the company's investments. It is entrusted with the adoption of the major investment decisions on behalf of the Board of Directors (the Board of Directors shall ratify such decision at a later stage) and review the performance and acquisition of investments.
The committee held 5 meetings during the year. The committee is comprised of the following members:

Name	Title
His Royal Highness Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud	Head of the Committee
Eng. Talal Ibrahim Almaiman	Member
Mr. Sarmad Nabil Zok	Member
Mr. Shadi S. Sanbar	Member

Audit Committee

The Committee supervises and evaluates risk assessment, management policies and procedures, operational and financial reports. The Committee also reviews the Company's financial statements and internal controls. The Committee held 6 meetings during the year. The committee is comprised of the following members:

Name	Title
Eng. Taher Mohammed Omar Agueel	Head of the Committee
Eng. Rasha Amer El-Hoshan	Member
Dr. Khaled Abdullah Al Souhem	Member

Nomination and Compensation Committee

The Committee is responsible for nominating the Board members and assisting the Board in setting the plans and policies related to the compensations and review them and ratify them. The Committee held one meeting during the year. The committee is comprised of the following members:

Name	Title
Dr. Khaled Abdullah Al Souhem	Head of the Committee
Eng. Taher Mohammed Omar Agueel	Member
Mr. Saleh Ali Al Sagri	Member

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Declarations of the Board of Directors for Corporate Governance Requirements:

According to the regulations issued by the Capital Market Authority concerning the listing rules and the corporate governance regulations regarding the necessity of stating in the Board of Directors' Annual Report all the items required according to the annual report form, the Board of Directors declares that the following:

- The Company did not receive any notifications from its shareholders regarding any change in their ownership percentage during the year 2013.
- There is currently no stock option scheme and there are no convertible debt instruments available for any party whatsoever.
- No return, purchase, or cancellation from the Company's side or any of its subsidiaries of any debt instruments and other financial notes.
- It does not have any preferred shares or shares enjoying vote priority– whether for the shareholders, members of the Board of Directors or its affiliates. All the Company's shares are ordinary shares of equal nominal value, voting rights and other rights according to the regulations.
- No contract, having the Company as a party, was concluded, nor any contract where there is or was a substantial interest for any of the members of the Company's Board of Directors, the Chairman, the CFO or any person related to any of the afore-mentioned.
- The Board of Directors declares that all its members have relinquished any remunerations and compensations due to them for their membership in the Board of Directors as well as all travel allowances or expenses, transportation and other allowances for the year 2013.
- HRH Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud, Chairman of the Board, has relinquished his 9,25 Halalas for each share he owns of the quarterly profits amounting to 37 Halalas per share from his part of the cash distributions proposed for the whole year amounting to SR 325.6 million per quarter and SR 1,302.4 million for the entire year.
- No any other investments or provisions for the Company's employees were created other than end of service provisions.
- The Company's consolidated financial statements as at 31 December 2013 have been carried out pursuant to the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA) and fairly present the financial position of the Company, that are in accordance with SOCPA, and that the audit report did not include any qualifications on the Company's annual financial statements.
- The company's accounting books were duly prepared.
- There is no doubt related to the capability of the company in carrying on with its activities.
- The internal control policy was duly established and efficiently implemented.
- The company wasn't subject to any sanctions or provisional seizure from the financial market committee or any other judicial, regulatory or supervisory party.
- The company would like to confirm that it complied with all the requirements of the Corporate Governance regulations issued by the Capital Market Authority.

In conclusion, His Royal Highness, Chairman of the Board, and all the Board members would like to extend their thanks and gratitude to the Custodian of The Two Holy Mosques, His Royal Highness the Crown Prince and the honorable government for all their care, concern and ongoing support for the welfare and safety of the country and its citizens. They would also like to extend their thanks to the Company's shareholders for their precious trust and constant support, hoping for further exceptional achievements in the future. The Board of Directors would like to seize this opportunity to express its utmost gratitude and appreciation to all the employees in the Company's departments and subsidiaries for their extensive efforts during the year 2013, looking forward to further prosperity and progress in the years to come.

God Bless



Kingdom Land Projects-Riyadh

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Kingdom Holding Company

(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013
AND INDEPENDENT AUDITORS' REPORT

pwc

INDEPENDENT AUDITORS' REPORT February 23, 2014

To the Shareholders of Kingdom Holding Company:
(A Saudi Joint Stock Company)

Scope of audit
We have audited the accompanying consolidated balance sheet of Kingdom Holding Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013 and the consolidated statements of income, cash flows and changes in equity for the year then ended, and the notes from (1) to (33) which form an integral part of the consolidated financial statements. These consolidated financial statements, which were prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all information and explanations which we required, are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified opinion
In our opinion, such consolidated financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of the Group as of December 31, 2013 and the results of its operations and its cash flows for the year then ended in conformity with accounting standards generally accepted in Saudi Arabia appropriate to the circumstances of the Group; and
- Comply, in all material respects, with the requirements of the Regulations for Companies and the Company's By-Laws with respect to the preparation and presentation of consolidated financial statements.

PricewaterhouseCoopers

By _____
Omar M. Al Saggaf
License Number 369

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CONSOLIDATED BALANCE SHEET

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at December 31, 2013	2012
Assets			
Current assets			
Cash and cash equivalents	3	**1,006,823**	805,052
Held for trading investments	4	**1,555,686**	843,000
Accounts receivable	5	**520,885**	538,775
Other assets	6	**638,359**	638,548
Net assets held for sale	8	**180,111**	180,111
		3,901,864	3,005,486
Non-current assets			
Available for sale investments	9	**14,246,498**	10,712,875
Investments in associates and joint venture	10	**17,665,996**	17,581,910
Investments in real estate	11	**2,142,357**	1,686,507
Property and equipment, net	12	**6,150,641**	6,589,755
Intangible assets	13	**1,860,665**	1,858,120
Other long term assets	14	**341,147**	408,246
		42,407,304	38,837,413
Total assets		**46,309,168**	41,842,899
Liabilities			
Current liabilities			
Bank borrowings and term loans	15	**773,302**	1,520,633
Accounts payable	16	**206,824**	176,188
Accrued expenses and other liabilities	17	**741,717**	488,699
		1,721,843	2,185,520
Non-current liabilities			
Bank borrowings and term loans	15	**12,195,470**	10,600,180
Other long term liabilities	19	**411,584**	427,349
		12,607,054	11,027,529
Total liabilities		**14,328,897**	13,213,049
Equity			
Equity attributable to shareholders of the Company:			
Share capital	20	**37,058,823**	37,058,823
Statutory reserve		**390,460**	316,213
Retained earnings		**1,426,872**	1,308,972
Unrealized loss from available for sale investments	9	**(7,028,045)**	(10,325,323)
Foreign currency translation adjustments and other		**(241,839)**	(168,322)
Total shareholders' equity		**31,606,271**	28,190,363
Minority interests	21	**374,000**	439,487
Total equity		**31,980,271**	28,629,850
Total liabilities and equity		**46,309,168**	41,842,899
Contingencies and commitments	26,27		

CONSOLIDATED INCOME STATEMENT

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Year ended December 31, 2013	2012
Revenues			
Hotels and other operating revenues		**2,008,768**	1,949,322
Sales of real estate	11	**198,206**	1,000,000
Dividends income	22	**109,988**	93,643
Loss from associates and joint venture, net	10	**(182,970)**	(94,619)
Income from and gain on investments and others, net	23	**965,812**	490,557
Other		**32,975**	38,810
Total revenues		**3,132,779**	3,477,713
Costs and expenses			
Hotels and other operating costs		**(1,321,387)**	(1,348,817)
Cost of real estate	11	**(10,000)**	(586,035)
General and administrative	24	**(454,879)**	(361,571)
Total costs and expenses		**(1,786,266)**	(2,296,423)
Gross profit		**1,346,513**	1,181,290
Depreciation	12	**(235,673)**	(220,796)
Reversal of impairment loss	25	**151,300**	186,000
Income from operations		**1,262,140**	1,146,494
Finance charges, net	15	**(418,326)**	(390,292)
Income before minority interests, Zakat and tax		**843,814**	756,202
Minority interests' share of loss	21	**16,034**	31,226
Income before Zakat and tax		**859,848**	787,428
Zakat and tax	18	**(117,377)**	(80,354)
Net income for the year		**742,471**	707,074
Earnings per share (Saudi Riyals):	31		
• Income from operations		**0.34**	0.31
• Net income for the year		**0.20**	0.19

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CONSOLIDATED CASH FLOW STATEMENT

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Year ended December 31, 2013	2012
Cash flow from operating activities			
Income before Zakat and tax		**859,848**	787,428
Adjustments for non-cash items			
Depreciation	12	**235,673**	220,796
Loss from associates, net	10	**182,970**	94,619
Income from and gain on investments and others, net	23	**(965,812)**	(490,557)
Reversal of impairment loss	25	**(151,300)**	(186,000)
Foreign exchange loss		**6,522**	-
Provision for doubtful debts	5	**4,717**	11,543
Changes in working capital			
Accounts receivable and other assets		**(11,107)**	30,213
Movement in investment in real estate, net		**(455,850)**	110,906
Other long term assets		**67,099**	(265,781)
Accounts payable, accruals and other liabilities		**228,028**	(469,864)
Other long term liabilities		**(15,765)**	(124,865)
Zakat and tax paid		**(61,751)**	(74,429)
Net cash utilized in operating activities		**(76,728)**	(355,991)
Cash flow from investing activities			
Proceeds from sale of held for trading investments	4	**401,030**	129,888
Acquisition of available for sale investments	9	**(468,750)**	-
Proceeds from sale of available for sale investments		**92,554**	-
Additions to associates	10	**(93,461)**	(75,341)
Movement in net assets held for sale		**-**	(162,926)
Dividends from associates	10	**111,848**	34,740
Proceeds from disposal of property and equipment		**118,204**	1,243,971
Purchase of property and equipment	12	**(108,552)**	(469,783)
Net cash generated from investing activities		**52,873**	700,549
Cash flow from financing activities			
Bank borrowings and term loans, net		**841,437**	(202,160)
Dividend paid		**(550,324)**	(550,324)
Changes in minority interests		**(65,487)**	(54,394)
Net cash generated from/(utilized in) financing activities		**225,626**	(806,878)
Net change in cash and cash equivalents		**201,771**	(462,320)
Cash and cash equivalents at beginning of year		**805,052**	1,267,372
Cash and cash equivalents at end of year	3	**1,006,823**	805,052
Supplemental schedule of non-cash information			
Decrease in unrealized loss from available for sale investments, net	9	**3,323,610**	2,741,289
Cost of available for sale investment transferred to held for trading investment, net	9	**166,183**	510,505
Reclassification of assets held for sale to investments in real estate		**:**	18,750
Reclassification of assets held for sale to investments in associates		**:**	104,250

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Shareholders' equity							Minority interests	Total equity
		Share capital	Statutory reserve	Retained earnings	Unrealized loss from available for sale investments	Foreign currency translation adjustments and other	Total			
January 1, 2013		37,058,823	316,213	1,308,972	(10,325,323)	(168,322)	**28,190,363**		**439,487**	**28,629,850**
Net income for the year		-	-	742,471	-	-	**742,471**		(16,034)	726,437
Transfer to statutory reserve		-	74,247	(74,247)	-	-			-	-
Dividends	32	-	-	(550,324)	-	-	**(550,324)**		-	(550,324)
Net movement during the year		-	-	-	3,297,278	(73,517)	**3,223,761**		(49,453)	3,174,308
December 31, 2013		**37,058,823**	**390,460**	**1,426,872**	**(7,028,045)**	**(241,839)**	**31,606,271**		**374,000**	**31,980,271**
January 1, 2012		37,058,823	245,506	1,222,929	(13,066,612)	(14,349)	25,446,297		493,881	25,940,178
Net income for the year		-	-	707,074	-	-	707,074		(31,226)	675,848
Transfer to statutory reserve		-	70,707	(70,707)	-	-	-		-	-
Dividends		-	-	(550,324)	-	-	(550,324)		-	(550,324)
Net movement during the year		-	-	-	2,741,289	(153,973)	2,587,316		(23,168)	2,564,148
December 31, 2012		37,058,823	316,213	1,308,972	(10,325,323)	(168,322)	28,190,363		439,487	28,629,850

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1 General information

Kingdom Holding Company (the "Company") is a Saudi Joint Stock Company (JSC) operating in the Kingdom of Saudi Arabia. The Company was previously formed as a limited liability company and operated under commercial registration number 1010142022 dated Muharram 11, 1417H (corresponding to May 28, 1996). The Ministry of Commerce and Industry approved, pursuant to resolution number 128/S dated Jumada Awwal 18, 1428H (corresponding to June 4, 2007), the conversion of the Company into a JSC.

The objectives of the Company are hotel management and operation, general contracting, operation and maintenance, wholesale and retail trading of construction materials, foodstuff, agriculture products and metals for non-construction and petroleum products, trading of transportation equipment, advertising, commercial services, education, medical services, commercial agencies, investment and establishment of other companies.

The shares of the Company commenced trading on the Saudi Stock Exchange on July 28, 2007 after approval by the Capital Market Authority.

The Company and its subsidiaries (the "Group") carry out its activities through the following entities:

a) **Kingdom 5-KR-11 Limited (KR-11)**

KR-11 is a limited liability company incorporated in the Cayman Islands. The company's principal activity represents investments in international quoted securities, through its wholly owned subsidiaries.

b) **Kingdom 5-KR-100 Limited (KR-100)**

KR-100 is a limited liability company incorporated in the Cayman Islands. The company's principal activity represents ownership and management of funds, through its associates.

c) **Kingdom 5-KR-132 Limited (KR-132)**

KR-132 is a limited liability company incorporated in the Cayman Islands. The company's principal activity includes holding investments in the following subsidiaries and associates that own and manage properties and hotels:

Subsidiaries	Effective Ownership Percentage	
	2013	2012
Kingdom Hotel Investments (KHI) - Cayman Islands	**100**	100
Kingdom 5 KR 35 Group (George V) - France *(Direct and indirect ownership through KHI)*	**100**	100

Associates	Effective Ownership Percentage	
	2013	2012
Fairmont Raffles Holdings International (FRHI) - Canada	35.2	35.2
Four Seasons Holding Inc. (FSH Inc.) - Canada	47.5	47.5
Mövenpick Hotels and Resorts AG (Mövenpick) - Switzerland *(Direct and indirect ownership through KHI)*	33.3	33.3
Breezeroad Limited (Savoy) - United Kingdom	50.0	50.0
Fairmont Hotel Company - San Francisco, L.P.	28.0	28.0
Sahara Plaza LLC - United States of America	25.0	25.0

d) **Local and regional subsidiaries**

The Company has also ownership in the following local and regional subsidiaries and associates:

Subsidiaries	Effective Ownership Percentage	
	2013	2012
Kingdom Schools Company Limited (The School) - Saudi Arabia	**47.0**	47.0
Fashion Village Trading Company Limited (SAKS) - Saudi Arabia	**71.8**	71.8
Medical Services Projects Company Limited (MSPC) - Saudi Arabia	**74.0**	74.0
Consulting Clinic SAL (Clinic) - Lebanon	**50.4**	50.4
Kingdom Agriculture Development Company (KADCO) - Egypt	**100.0**	100.0
Kingdom Real Estate Development Company (KRED) - Saudi Arabia	**100.0**	100.0

Associates	Effective Ownership Percentage	
	2013	2012
National Air Services - Saudi Arabia	32.84	32.84
Jeddah Economic Company (JEC) - Saudi Arabia	33.35	33.35
Real Estate Investment Company (REIC) - Saudi Arabia	38.9	38.9
Saudi Research and Marketing Group - Saudi Arabia	29.9	29.9
Trade Centre Company Limited (TCCL) - Saudi Arabia	36.0	36.0

The principal activities and the various segments of the Group are described in Note 30.

These financial statements were authorized for issue by the Company's Board of Directors on February 20, 2014.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting, as modified by revaluation of held for trading and available for sale investments to fair value, and in compliance with accounting standards promulgated by Saudi Organization for Certified Public Accountants.

The accompanying consolidated financial statements include the assets, liabilities and the results of operations of the Company and its subsidiaries. A subsidiary is a company in which the Group has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts a practical control. A subsidiary company is consolidated from the date on which the Group obtains a practical control until the date such control ceases. Significant balances and transactions, including unrealized gains or losses on transactions, between the Group companies have been eliminated in the consolidated financial statements.

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Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement, consolidated balance sheet and within consolidated statement of changes in equity separately from shareholders' equity.

2.2 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported balances of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of trade receivables

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due and historical recovery rates.

(b) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.11 (a). The recoverable amounts of cash-generating units have been determined based on appropriate valuation techniques. These calculations require the use of estimates.

(c) Estimated impairment of available for sale investments

The Group determines that available for sale equity financial assets are impaired when there has been a significant and prolonged decline in the fair value below its cost. This determination of what is significant and prolonged requires significant judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry sector performance, changes in technology, and operational and financing cash flows. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

(d) Estimated useful life of property and equipment

Management assesses useful lives and residual value of property and equipment on intended use of assets and the economic lives of the assets. Subsequent changes in circumstances such as technological advances could result in the actual useful lives or residual values differing from the initial estimates. Management has reviewed the residual value and useful lives of major property and equipment and determined that no adjustment is necessary.

2.3 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances, cash on hand, and short-term deposits with an original maturity of three months or less.

2.4 Accounts receivable

Accounts receivable are stated at original invoice amount less provision for any uncollectible amounts. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the consolidated income statement and reported under "General and administrative expenses". When account receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the consolidated income statement.

2.5 Inventories

Inventories are carried at the lower of cost and market value. Cost is determined using weighted average method. The cost of finished products include the cost of raw materials, labor and production overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Appropriate provision is made for obsolete and redundant inventory.

2.6 Assets held for sale

The Group considers properties to be assets held for sale when management approves and commits to a formal plan to actively market a property or group of properties for sale and it is probable that the sale will occur within twelve months of the balance sheet date. Upon designation of an asset held for sale, the Group records the carrying value of each property or group of properties at the lower of its carrying value or its estimated fair value, less estimated cost to sell. Assets once classified as held for sale are not depreciated or amortized.

2.7 Investments

(a) Held for trading investments

Held for trading investments in readily marketable securities, which are purchased for trading purposes, are stated at market value and included under current assets. Changes in market value are credited or charged to the consolidated income statement.

(b) Investment in available for sale investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity are classified as available for sale. After initial recognition, investments purchased neither with the intention of being held to maturity nor for trading purposes are re-measured at fair value as follows:

(i) Fair values of quoted securities are based on available market prices at the reporting date adjusted for any restriction on the transfer or sale of such investments; and
(ii) Fair values of unquoted securities are based on a reasonable estimate determined by reference to the current market value of other similar quoted investment securities or is based on the expected discounted cash flows. Where fair values cannot be reliably estimated, the Group records such investments at cost.

Unrealized gains and losses are reported as a separate component of shareholders' equity until the investment is derecognized or the investment is determined to be impaired. When designation of investments is changed to be held for trading, the related unrealized gain/losses on these investments are recycled from equity and recognized in the consolidated income statement.

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(c) Associates and joint ventures

Associates and joint ventures are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated amortization and impairment losses, if any. Under the equity method, investments in associates and joint ventures are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates and joint ventures. The consolidated income statement reflects the Group's share in the results of associates and joint ventures and the Group's share of post-acquisition movements in reserves, if any, is recognized in equity. When the Group's share of losses in an associate and joint venture equals or exceeds its interest in the associate and joint venture, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising in investments in associates and joint ventures are recognized in the consolidated income statement.

(d) Investments in real estate

Real estate investments that are being developed are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less cost to complete, re-development and selling expenses. Investments in real estate are derecognized when either they have been disposed off or when the investment in real estate is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of investments in real estate are recognized in the consolidated income statement in the period of the retirement or disposal.

2.8 Business combination and goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or group of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative transaction difference and goodwill is recognized in the consolidated income statement.

2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is considered the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. Amortization expense is reported in the consolidated income statement.

2.10 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value. Depreciation is charged to the consolidated income statement. Land and construction work in progress are not depreciated. The cost less estimated residual value of other property and equipment is depreciated on a straight line basis over the following estimated useful lives of the assets:

	Number of years
Buildings	**20 to 50 years**
Equipment	**2 to 20 years**
Furniture and fixtures	**2 to 20 years**
Others	**4 to 10 years**

Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated income statement.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the consolidated income statement as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

2.11 Impairment

(a) Tangibles and Intangible assets

At each fiscal year end, the Group reviews the carrying amounts of its long term tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment

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loss. Recoverable amounts are determined on the basis of value-in-use calculations. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized in the consolidated income statement.

(b) Financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the consolidated income statement. Impairment is determined as follows:

(i) For assets carried at fair value, impairment is the difference between the carrying amount and fair value, less any impairment loss previously recognized in the consolidated income statement; and
(ii) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

For impairment of available for sale investments, the unrealized gain or loss previously reported in shareholders' equity is included in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated income statement. Impairment losses recognized on equity investments classified as available for sale and goodwill are not reversible.

2.12 Loans and bank borrowings

Bank borrowings and term loans are recognized initially at fair value and any differences between the proceeds and the redemption value are recognized in the consolidated income statement over the period of the loan using the effective interest method. Loans are classified as current liabilities unless the Group has an unconditional right and intention to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the consolidated income statement when incurred.

2.13 Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, irrespective of date of billing.

2.14 Provisions

Provisions are recognized when; the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2.15 Pension and other post employment benefits

Certain companies within the Group operate defined benefit pension plans and other post retirement plans, primarily life insurance and health care coverage, for certain grades of employees. Pension benefits are based principally on years of service and compensation rates near retirement. The cost of these benefit plans is determined by an actuary using the projected benefit method pro-rated based on the employees' terms of service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.

In certain jurisdictions, the Group participates in various defined contribution pension schemes in accordance with the local conditions and practices in the countries in which the subsidiaries operate. The amount charged to the consolidated income statement in respect of pension costs is the contributions payable in the year. Differences between contributions payable during the year and contributions actually paid are shown as either accrued liabilities or prepaid assets in the consolidated balance sheet.

2.16 Employees' termination benefits

Employee termination benefits required by Saudi Labor and Workman Law are accrued by the Company and its Saudi Arabian subsidiaries and charged to the consolidated income statement. The liability is calculated; at the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

The foreign subsidiaries provide currently for employee termination and other benefits as required under the laws of their respective countries of domicile.

2.17 Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company sets aside 10% of its net income (after absorbing accumulated deficit) in each year to a statutory reserve until such reserve equals to one half of the share capital. This reserve is not available for distribution to the shareholders of the Company.

2.18 Revenue

Hotel revenues are recognized when services are performed or when food and beverages are sold. Other revenues are recognized when services are provided and ultimate collection is reasonably assured. Management fees and other revenues from managed properties are recognized when performance conditions have been met, in accordance with the terms specified in the related management contracts.

Revenue from real estate leasing operations is recognized on accrual basis, effectively over the term of the lease.

Revenue from sale of real estate is recognized when the risks and rewards of ownership are transferred to the buyer, which is deemed to take place when legal title transfers to the buyer. However, in certain circumstances equitable interest in the land may vest with the buyer before legal title passes and therefore risks and rewards of ownership are transferred at that stage. In such cases, provided that the Group has no further substantive act to complete in connection with the sale of land, revenue is recognized when equitable interest in the land passes to the buyer.

Dividend income is recognized when the right to receive the dividends is established. Commission income is recognized as the commission accrues.

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2.19 Expenses

Operating costs of the Group are reported as hotels and other operating costs. Other expenses, including selling and marketing expenses which are not material, are classified as general and administration expenses. Development costs are capitalized only when economic feasibility of the project has been demonstrated. In the absence of economic feasibility, such cost is expensed when incurred.

2.20 Zakat and taxes

(a) Zakat and income taxes

The Company is subject to Zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). Foreign shareholders in the consolidated Saudi Arabian subsidiaries are subject to income taxes. Income tax provisions related to the foreign shareholders in such subsidiaries are charged to the minority interest. Provision for Zakat for the Company and Zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the consolidated income statement. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Foreign subsidiaries are subject to income taxes in their respective countries of domicile. Such income taxes are charged to the consolidated income statement.

(b) Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized for all temporary differences at the current rates of taxation applicable in the relevant jurisdiction. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the near future to allow all or part of the deferred tax asset to be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(c) Other

The Company and its Saudi Arabian subsidiaries withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

2.21 Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated income statement on a straight-line basis over the lease term.

2.22 Segmental reporting

(a) Business segment

A business segment is a group of assets, operations or entities:

(i) engaged in revenue producing activities;

(ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
(iii) financial information is separately available.

(b) Geographical segment

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

2.23 Foreign currency translations

The consolidated financial statements are presented in Saudi Riyals, which is the Company's functional and Group's presentation currency. Each subsidiary in the Group determines its own functional currency, and as a result, items included in the financial statements of each subsidiary are measured using that functional currency.

At the subsidiary level, transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statement.

At the consolidation level, financial statements of foreign subsidiaries are translated into the Group's presentation currency using the exchange rate at each balance sheet date for assets and liabilities, and the average exchange rate for each period for revenues and expenses. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments are recorded as a separate component of equity.

2.24 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by shareholders of the Company.

3 Cash and cash equivalents

	2013	2012
Bank balances and cash	965,938	719,662
Short term deposits	40,885	85,390
	1,006,823	805,052

Short term deposits are made for different periods (between one day and three months), depending on the cash requirements of the Company and its subsidiaries, and earn interest at floating rates.

4 Held for trading investments

(a) Held for trading investments consist of the following quoted securities:

	2013	2012
Local	770,500	498,600
International	785,186	344,400
	1,555,686	843,000

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(b) The movement in held for trading investments is set out below:

	2013	2012
January 1	**843,000**	238,897
Transfer from available for sale investments (Note 9)	**1,422,557**	816,902
Transfer to available for sale investments (Note 9)	**(551,974)**	-
Disposal	**(344,400)**	(110,763)
Changes in fair value (Note 23)	**186,503**	(102,036)
December 31	1,555,686	843,000

5 Accounts receivable

	2013	2012
Trade receivables	**541,912**	559,229
Less: provision for doubtful debts	**(21,027)**	(20,454)
	520,885	538,775

Movements in the provision for doubtful debts are as follows:

	2013	2012
January 1	**20,454**	21,732
Charge for the year	**4,717**	11,543
Amounts written off and others	**(4,144)**	(12,821)
December 31	21,027	20,454

Trade receivables include Saudi Riyals 270 million (2012: Saudi Riyals 300 million) resulting from the sale of a parcel of land during the last quarter of 2012 by one of the Group's subsidiary, KRED. This receivable has been pledged as collateral against a loan obtained during the year ended December 31, 2013 by KRED.

Trade receivables are expected, on the basis of past experience, to be fully recoverable. Generally, it is not a practice of the Group to obtain collateral over trade receivables and the vast majority is, therefore, unsecured.

6 Other assets

	2013	2012
Due from affiliates (Note 7)	**168,957**	204,187
Inventories	**125,217**	121,079
Investment in real estate (Note 11)	**118,881**	111,851
Prepaid loan fee	**61,969**	62,289
Value Added Tax claims receivable	**11,762**	20,523
Advances to suppliers	**28,057**	32,964
Prepaid expenses	**23,839**	28,038
Other	**99,677**	57,617
	638,359	638,548

7 Related party matters

The following are the details of major related party transactions during the year:

Related party	Nature of transaction	Amounts of transactions 2013	2012
HRH Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud ("Principal Shareholder")	Purchase of land (i)	-	431,018
Associates	Sale of land (ii)	-	450,000
	Revenues	**9,281**	8,283
	Costs and expenses	**63,674**	64,464

The shareholders in the annual General Assembly meeting held on March 27, 2012 approved the purchase of land from the Principal Shareholder amounting to Saudi Riyals 431 million as recommended by the Company's Board of Directors.

(i) During the year ended December 31, 2012, the Company sold a portion of land to Trade Centre Company Limited (TCCL), an associate. This land was acquired from the Principal Shareholder during the year at a cost of Saudi Riyals 319.3 million. The Company recognized a gain of Saudi Riyals 83.6 million on this transaction, which represents portion of the gain attributable to the equity of the other shareholders in TCCL.

Amounts due from / to affiliates are shown in Notes 6 and 17, respectively.

8 Net assets held for sale

The Group has approved and committed to a formal plan to actively market a hotel property for sale. Accordingly, the Group has classified the following assets and liabilities of the property as held for sale:

	2013	2012
Current assets	**30,975**	30,975
Property and equipment	**649,386**	649,386
	680,361	680,361
Current and other liabilities	**(500,250)**	(500,250)
Net balance	180,111	180,111

9 Available for sale investments

(a) Available for sale investments as at December 31, consist of the following:

	2013	2012
International	**13,556,414**	10,002,115
Local and regional	**690,084**	710,760
	14,246,498	10,712,875

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(b) The movement in available for sale investments for the year ended December 31, is set out below:

	2013	2012
Cost, net of impairment charge:		
January 1	**21,038,198**	21,548,703
Additions during the year	**468,750**	-
Transfer to held for trading investments (Note 4)	**(718,157)**	(510,505)
Transfer from held for trading investments (Note 4)	**551,974**	-
Disposals during the year	**(66,222)**	-
December 31	**21,274,543**	21,038,198
Unrealized loss, net of impairment charge:		
January1	**(10,325,323)**	(13,066,612)
Decrease in unrealized loss during the year	**4,028,010**	3,047,686
Unrealized gain related to investments transferred to held for trading investments (Note 4)	**(704,400)**	(306,397)
Disposals during the year	**(26,332)**	-
December 31	**(7,028,045)**	(10,325,323)
Net carrying amount	**14,246,498**	10,712,875

Certain available for sale investments are used as collateral against bank borrowings and term loans of the Company and its subsidiaries (Note 15).

As of December 31, 2013, the Company has performed an assessment to determine whether the decline in value of its available for sale investments is temporary or non-temporary. Based on this assessment, management has concluded that such a decline is considered to be temporary. In reaching to this conclusion, management has considered several factors, including; the financial performance of the investee, the fair value of the investment and information from financial analysts about the forecasted market price.

Management will continue to monitor and review its available for sale investments and assess the impact of changes in the factors referred to above to determine the need for any further impairment.

10 Investments in associates and joint venture

(a) The movement in investments in associates and joint venture for the year ended December 31 is as follows:

	2013	2012
January 1	**17,581,910**	17,023,587
Additions during the year	**93,461**	75,341
Share in loss and other, net	**(182,970)**	(94,619)
Dividends received	**(111,848)**	(34,740)
Other movements	**285,443**	612,341
December 31	**17,665,996**	17,581,910

(b) Details of investments in associates and joint venture at December 31 are summarized as follows:

	2013		2012	
	Percentage Ownership	Amount	Percentage Ownership	Amount
Associates and joint venture of the Company:				
Trade Centre Company Limited (TCCL) - Saudi Arabia	36.0	**522,093**	36.0	492,825
Fairmont Raffles Holdings International (FRHI) - Canada	35.2	**5,349,167**	35.2	5,331,459
Four Seasons Holding Inc. - Canada	47.5	**4,255,851**	47.5	4,211,715
Jeddah Economic Company - Saudi Arabia	33.35	**2,832,791**	33.35	2,858,755
National Air Services - Saudi Arabia	32.84	**1,788,276**	32.84	1,921,609
Saudi Research and Marketing Group - Saudi Arabia	29.9	**1,101,544**	29.9	953,605
Breezeroad Limited (Savoy) - United Kingdom	50.0	**335,286**	50.0	389,354
Mövenpick Hotels and Resorts AG - Switzerland	33.3	**531,640**	33.3	481,126
Real Estate Investment Company (REIC) - Saudi Arabia	38.9	**284,993**	38.9	271,318
Sahara Plaza LLC - United States of America	25.0	**282,666**	25.0	284,986
Fairmont Hotel San Francisco	28.0	**103,500**	28.0	100,327
Others	30.0-35.0	**201,992**	30.0-35.0	199,900
Associates of subsidiaries				
Mövenpick El - Gouna - Egypt	29%	**76,197**	29%	77,199
Four Seasons - Mauritius Golf Club	-	**-**	39%	7,732
		17,665,996		17,581,910

11 Investments in real estate

	2013	2012
Investments in land and related infrastructure costs - Saudi Arabia	**2,045,896**	1,563,677
Properties under construction	**196,592**	215,931
Others	**18,750**	18,750
	2,261,238	1,798,358
Less: current portion (Note 6)	**(118,881)**	(111,851)
	2,142,357	1,686,507

During the year ended December 31, 2013, the Group completed the sale of land in Riyadh aggregating Saudi Riyals 198.2 million (2012. Saudi Riyals 1 billion) and realized a gain of Saudi Riyals 188.2 million (2012: Saudi Riyals 414 million).

The Group capitalized borrowing costs of Saudi Riyals 20 million (2012: Saudi Riyals 34.3 million) that were incurred in connection with the development of its real estate projects.

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12 Property and equipment, net

	Land	Buildings and leasehold improvements	Equipment	Furniture and fixtures	Construction work in progress and others	Total 2013
Cost						
January 1	1,777,771	4,776,334	392,774	891,492	21,339	7,859,710
Additions	-	56,988	11,936	16,916	22,712	108,552
Disposals and others	(22,409)	(254,802)	(15,676)	(68,888)	(25,245)	(387,020)
December 31	**1,755,362**	**4,578,520**	**389,034**	**839,520**	**18,806**	7,581,242
Accumulated depreciation						
January 1	-	712,738	186,672	366,072	4,473	1,269,955
Charge for the year	-	103,789	40,723	53,242	37,919	235,673
Disposals and others	-	(48,022)	(8,321)	(12,709)	(5,975)	(75,027)
December 31	-	**768,505**	**219,074**	**406,605**	**36,417**	1,430,601
Net book value at December 31, 2013	1,755,362	3,810,015	169,960	432,915	(17,611)	6,150,641

	Land	Buildings and leasehold improvements	Equipment	Furniture and fixtures	Construction work in progress and others	Total 2012
Cost						
January 1	2,167,609	5,040,203	395,416	908,906	391,252	8,903,386
Additions	35,791	34,867	8,783	16,887	373,455	469,783
Disposals and others	(425,629)	(298,736)	(11,425)	(34,301)	(743,368)	(1,513,459)
December 31	1,777,771	4,776,334	392,774	891,492	21,339	7,859,710
Accumulated depreciation						
January 1	-	707,629	157,086	320,632	56,905	1,242,252
Charge for the year	-	84,362	41,011	79,741	15,682	220,796
Disposals and others	-	(79,253)	(11,425)	(34,301)	(68,114)	(193,093)
December 31	-	712,738	186,672	366,072	4,473	1,269,955
Net book value at December 31, 2012	1,777,771	4,063,596	206,102	525,420	16,866	6,589,755

Certain land and buildings are pledged as collateral against term loans as explained in Note 15.

13 Intangible assets

Intangible assets comprise the following:

	2013	2012
Goodwill	1,802,252	1,798,637
Other intangible assets	58,413	59,483
	1,860,665	1,858,120

Goodwill represents the excess of consideration paid by the Group over its interest in the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities. Most of the goodwill balance shown above resulted from the Group's acquisition of major subsidiaries in the hotel business.

Movement in goodwill during the year is set out below:

	2013	2012
January 1	1,798,637	1,790,594
Effect of foreign exchange, disposals and others	3,615	8,043
December 31	1,802,252	1,798,637

Other intangible assets principally include brand names and management contracts that relate to subsidiaries that operate hotel properties. Such contracts have definite lives and are amortized over their useful economic lives.

Impairment:

i. Impairment test

Goodwill is allocated to the Group's cash-generating units identified which is based on the business segments. The Group has tested separately recognised goodwill for impairment.

ii. Basis of determining recoverable amounts

Hotels

The recoverable amount has been determined based on value-in-use, using either discounted cash flow analysis, or based on expert valuation reports. The cash flow projections are based on financial budgets that are approved by management. The discount rates and terminal capitalization rate ranged between 7.75% to 15% and 4.25% to 10%, respectively, depending on the geographical territories in which the hotels are located.

Management has adopted a 5 year period to assess its value-in-use except for three hotels in the Middle East where 10 year cash flow projections have been used. Management considers that a five year period would be too short of a period for impairment testing purposes due the current political situation in such countries in the Middle East.

Retail

The recoverable value has been determined based on value-in-use using discounted cash flow analysis. The key assumptions used include a risk adjusted discount rate, growth rates based on management's expectation for market development and historical earnings. During the year ended December 31, 2013, management

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determined that the carrying value of the retail cash-generating unit exceeded the recoverable value by Saudi Riyals 20 million. This decline, considered permanent in nature, was recognised as an impairment loss in the consolidated income statement (Note 25).

Others

Goodwill allocated to the School cash-generating unit amounts to Saudi Riyals 8.9 million (2012: Saudi Riyals 8.9 million) and management is of the opinion that this goodwill is not impaired.

14 Other long term assets

	2013	2012
Long term advances	219,638	275,000
Deferred tax asset (Note 18(c))	57,098	72,311
Refundable deposits	645	772
Others	63,766	60,163
	341,147	408,246

15 Bank borrowings and term loans

The following is a summary of bank borrowings and term loans at December 31:

	2013	2012
Current		
Short-term loans	260,474	74,153
Current portion of term loans	512,828	1,446,480
	773,302	1,520,633
Non-current		
Term loans, including long-term revolving facilities	12,195,470	10,600,180
	12,968,772	12,120,813

Details of bank borrowings and term loans by entity are as follows:

	2013	2012
Kingdom Holding Company (KHC)	4,824,794	5,197,974
Kingdom 5-KR-11 Ltd.	4,500,000	3,187,397
Kingdom Hotel Investments (KHI)	1,481,853	1,799,133
Kingdom 5-KR-35 Group (George V)	1,795,531	1,742,612
Others	366,594	193,697
	12,968,772	12,120,813

Following is a brief summary of the Group's main loans:

Kingdom Holding Company (KHC)
KHC loans of Saudi Riyals 4,825 million as of December 31, 2013 (2012: Saudi Riyals 5,198 million) were obtained from commercial banks and consist of several facilities including syndicated loans and revolving credit facilities. During the current year, KHC obtained new loans of Saudi Riyals 1,947 million (2012: Saudi Riyals 688.8 million) and settled loans of Saudi Riyals 2,320 million (2012: Saudi Riyals 847.8 million). KHC loans carry borrowing costs based on Saudi Inter Bank Offered Rate ("SIBOR") and London Inter Bank Offered Rate ("LIBOR") plus a spread and are secured against certain investments by the Company. The aggregate maturities of these loans, based on their respective repayment schedules, are spread over a period up to 3 years. Loan agreements principally include financial covenants with respect to maintaining certain equity balance, interest coverage ratio and loan to market value of collateral ratio.

The carrying values of the borrowings are denominated in following currencies:

	2013	2012
	In millions	In millions
Saudi Riyals	3,333	4,864
US Dollars	952	334
Euro	540	-
	4,825	5,198

Kingdom 5-KR-11 Ltd. (KR 11)
KR-11 loans carry floating interest rates, which are calculated on a base rate plus a spread based on the currency of the loan. The facilities are secured by certain available for sale investments and other investments. During the current year, KR-11 obtained new loans of Saudi Riyals 1,500 million (2012: Saudi Riyals 618 million) and settled loans of Saudi Riyals 187 million (2012: Saudi Riyals 425 million).The aggregate maturities of these loans, based on their respective repayment schedules, are spread over a period of 3 years. These loans are denominated in US Dollars.

Kingdom Hotel Investments (KHI)
KHI loans of Saudi Riyals 1,482 million as of December 31, 2013 (2012: Saudi Riyals 1,799 million) have different maturities within the next nine years and carry floating interest rates. These rates are calculated on base rate plus a spread for the currency of the loans. The facilities are secured through registered mortgages and liens over several properties, deed of support and order notes. Loan agreements include certain financial covenants with respect to debt service ratio and interest coverage ratio.

The carrying values of the borrowings are denominated in following currencies:

	2013	2012
	In millions	In millions
US Dollars	961	1,187
UAE Dirham	238	257
Morocco Dirham	283	275
Euro	-	52
Other	-	28
	1,482	1,799

Kingdom 5-KR-35 Group (George V)
The loans of Saudi Riyals 1,796 million as of December 31, 2013 (2012: Saudi Riyals 1,743 million) are secured by a pledge over George V hotel property. The loan agreements include certain financial covenants, such as debt service coverage ratio, assets value coverage ratio and maintenance of security deposit. The loans carry floating interest rates (based mainly on LIBOR three month rate) and aggregate maturity period is over 5 years. These loans are primarily denominated in Euro.

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Other loans
Other loans represent various loan facilities obtained by certain other subsidiaries of the Group. These facilities carry interest calculated on floating base rate plus a spread based on the currency of the loan. The facilities are secured against mortgage of properties and other assets. The aggregate maturities of these loans, based on their respective repayment schedules, are spread over a period of 7 years. These loans are primarily denominated in Saudi Riyals.

16 Accounts payable

	2013	2012
Trade payables	**197,626**	169,852
Other payables	**9,198**	6,336
	206,824	176,188

17 Accrued expenses and other liabilities

	2013	2012
Employees related accruals	**168,859**	152,014
Deposits from customers	**81,401**	51,568
Financial charges	**41,454**	46,434
Income taxes (Note 18 (b))	**60,061**	43,639
Zakat (Note 18 (a))	**85,099**	45,895
Unearned revenue	**20,488**	16,764
Due to affiliates (Note 7)	**211,797**	74,037
Other	**72,558**	58,348
	741,717	488,699

18 Zakat and tax

Zakat and tax expense reported in the consolidated income statement consists of the following:

	Note	2013	2012
Zakat provision	18(a)	**44,083**	31,248
Income tax provision		**66,569**	36,903
Withholding tax on foreign dividends		**6,725**	12,203
		117,377	80,354

(a) Zakat

The Zakat obligations for the year represent the Zakat due on the Company and its local subsidiaries. The movement in Zakat provision for the year ended December 31 is as follows:

	Note	2013	2012
January 1		**45,895**	17,923
Zakat provision		**44,083**	31,248
Paid during the year		**(4,879)**	(3,276)
December 31	17	85,099	45,895

Zakat for the year represents the amount due on the Company and its local subsidiaries. The significant components of Zakat base under Zakat and income tax regulations are principally comprised of equity, provisions at the beginning of year, long-term borrowings and adjusted net income, less deductions for the net book value of long-term assets and certain other items. The differences between the financial and adjusted net income are mainly due to provisions and other items which are not allowed in the calculation of adjusted net income subject to Zakat. The Company's subsidiaries that are incorporated outside the Kingdom of Saudi Arabia are subject to related tax laws of the country of operations. Foreign dividends are subject to withholding taxes.

Status of final assessments

The Company has received final assessments from the Department of Zakat and Income Tax ("DZIT") up to year 2002. During 2012, the Company received assessment from the DZIT for the years 2003 to 2010 resulting in additional Zakat assessment. Management has seriously contested the matters included in the assessment and has filed an appeal providing its detailed arguments against the assessment.

b) Income tax

The Group's subsidiaries which are incorporated outside the Kingdom of Saudi Arabia are subject to tax laws of the country of incorporation. The income tax payable was approximately Saudi Riyals 60 million and Saudi Riyals 44 million as at December 31, 2013 and 2012, respectively (Note 17).

c) Deferred tax

Deferred tax liabilities and assets at December 31, relate to the following:

	2013	2012
Deferred tax liabilities (Note 19)		
Property, equipment and intangible assets	**103,023**	270,197
Others	**219,559**	59,683
	322,582	329,880
Deferred tax assets (Note 14)		
Provisions	**(57,098)**	(27,961)
Others	**-**	(44,350)
	(57,098)	(72,311)

19 Other long term liabilities

	2013	2012
Deferred taxes (Note 18 (c))	**322,582**	329,880
Post employment benefits	**85,127**	82,481
Retention payable	**-**	616
Other	**3,875**	14,372
	411,584	427,349

20 Share capital

The share capital at December 31, 2013 and 2012 consists of 3,706 million shares of Saudi Riyals 10 each.

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21 Minority interests

This balance represents the share of the minority shareholders/partners in the following consolidated companies:

Name of the entity	2013		2012	
	Total minority interests	Share in net loss	Total minority interests	Share in net loss (income)
Kingdom Hotel Investments	**316,708**	**15,721**	381,821	32,156
Others	**57,292**	**313**	57,666	(930)
	374,000	**16,034**	439,487	31,226

Total minority interests include goodwill of Saudi Riyals 45 million relating to minority interests (2012: Saudi Riyals 45 million).

22 Dividends income

	2013	2012
International	**22,056**	41,546
Local and regional	**87,932**	52,097
	109,988	93,643

23 Income from and gain on investments and others, net

	2013	2012
Change in market value of held for trading investments, net (Note 4)	**890,859**	204,361
Gain on investments in associates	**-**	159,499
Others, net	**74,953**	126,697
	965,812	490,557

During the year ended December 31, 2013, the Group designated certain investment securities to held for trading, which were previously classified as available for sale. As a result, the unrealized gain on these investments amounting to Saudi Riyals 704.4 million (2012: Saudi Riyals 306.4 million) has been recycled from equity and recognized in the consolidated income statement (Note 9). The value of existing held for trading investments increased at December 31, 2013 resulting in an unrealized gain of Saudi Riyals 186.5 million (2012: Loss of Saudi Riyals 102 million).

During the year ended December 31, 2012, the Group disposed a portion of its investments in Sahara Plaza LLC and Fairmont San Francisco Hotel and recognized gains of Saudi Riyals 123.4 million and Saudi Riyals 36.1 million, respectively.

Others, net for the year ended December 31, 2013 mainly represents gain on disposal of held for trading investments and available for sale investments amounting to Saudi Riyals 56.6 million and Saudi Riyals 26.4 million, respectively (2012: Saudi Riyals 19.1 million). Others, net for the year ended December 31, 2012 includes gain from sale of hotel properties amounting to Saudi Riyals 107.4 million.

24 General and administrative expenses

	2013	2012
Employee costs	**176,990**	150,190
Professional fees	**105,639**	53,304
Repairs and maintenance	**29,846**	30,383
Selling and marketing expenses	**15,028**	17,735
Utilities and office expenses	**23,284**	31,718
Insurance	**5,569**	4,758
Other	**98,523**	73,483
	454,879	361,571

25 Reversal of impairment losses

During the year ended December 31, 2013, the Company reviewed the carrying value of certain investments based on an updated valuation. This resulted in a net increase in the carrying value of Saudi Riyals 151.3 million (2012: Saudi Riyals 186 million). Accordingly such increase, net of impairment charge of Saudi Riyals 20 million (see Note 13), was recorded as a reversal of impairment loss, which was initially recorded in prior years against these investments.

26 Commitments

(a) Capital commitments

The Group has on-going activities to construct and renovate hotels, and these developments are at various stages of completion. The total outstanding capital commitments relating to such developments as of December 31, 2013 amounted to Saudi Riyals 4 million (2012: Saudi Riyals 3.4 million).

(b) Operating lease commitments

The Group has various commitments under operating leases. Future minimum annual payments under these leases are as follows:

	2013	2012
Within one year	**19,401**	21,767
1 to 5 years	**27,833**	37,297
	47,234	59,064

27 Contingencies

The Company and its subsidiaries are defendant in various legal claims arising in the normal course of business. Provision has been established for certain claims, based on the information presently available. Management believes that the existing liabilities provided for such claims are adequate. Any additional liabilities including any potential Zakat and tax assessments that may result in connection with other claims are not expected to have a material effect on the Group's financial position or results of operation.

At December 31, 2013, the Group has outstanding letters of guarantee amounting to Saudi Riyals 11.6 million (2012: Saudi Riyals 11 million) issued in the normal course of business.

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28 Financial instruments and risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by senior management under policies approved by the board of directors. The most important types of risk are credit risk, currency risk, price risk and fair value and cash flow interest rate risks.

Financial instruments carried on the balance sheet principally include cash and cash equivalents, investments, receivables and certain other assets, bank borrowings, term loans, payables and certain other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Fair value and cash flow interest rate risk

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows. The Group is subject to interest rate risk on its interest bearing assets and liabilities, including loans and bank borrowings and time deposits which are at floating rates of interest.

The sensitivity of the income/expense is the effect of the assumed changes in interest rates on the Group's net results for one year, based on the floating rate financial assets and financial liabilities held at December 31, 2013 and 2012.

Equity price risk

Equity price risk is the risk that the fair value of equity securities may decrease as the result of changes in the levels of equity indices and the value of individual equities. The Group's available for sale investments and held for trading are subject to price risk as its underlying investments are equity instruments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio to the extent possible.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

The table below shows the maximum exposure to credit risk for the significant components of the balance sheet:

	Note	2013	2012
Bank balances and short term deposits	3	**1,006,823**	805,052
Accounts receivable	5	**520,885**	538,775
Other current assets (Due from affiliates and others)	6	**268,634**	261,804
Other long term assets (Refundable deposits and others)	14	**64,411**	60,935
		1,860,753	1,666,566

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed banking facilities to meet any future commitments. The Group's terms of sales require amounts to be paid around 30 days of the date of sale. Trade payables are normally settled within 60 days of the date of purchase.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group monitors the fluctuation in currency exchange rates and manages its effect on the consolidated financial statements accordingly.

29 Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's financial instruments are compiled under the historical cost convention, except for available for sale and held for trading investments which are carried at fair values, differences can arise between the book values and fair value estimates.

The Group estimates the fair values of its financial instruments based on appropriate valuation methodologies. However, considerable judgment is necessary to develop these estimates. Accordingly, estimates of fair values are not necessarily an indicative of what the Group could realize in a current market exchange. The use of different assumptions or methodologies may have a material effect on the estimated fair value amounts.

The Group has determined that the fair values of their financial instruments at year end approximate their carrying amounts.

30 Segment information

The Group's primary operations are organized into the following three segments:

Equity

International - The principal activity includes investments in international quoted securities.

Domestic and Regional - The principal activity includes investments in securities quoted on the Saudi stock exchange, the regional stock exchanges and investments in associates - other than real estate.

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Private equity - The principal activity includes investments in private equities, managed funds and other entities existing within the structure of the Group.

Hotels

The principal activity of this segment includes investments in subsidiaries and associates that are in the business of managing and owning hotel properties and related activities.

Real Estate and Domestic

Real estate - The principal activity includes investments in activities relating to ownership and development of land and real estate projects.

Domestic - The principal activity includes investments in local entities.

a) Selected financial information as of and for the year ended December 31, summarized by the above business segments, was as follows:

December 31, 2013	Equity	Hotels	Real Estate and Domestic	Total
Total revenues	847,660	1,520,133	764,986	3,132,779
Gross profit	756,307	385,056	205,150	1,346,513
Net income	582,510	21,336	138,625	742,471
Property and equipment, net	55,952	5,538,212	556,477	6,150,641
Total assets	20,861,547	18,596,017	6,851,604	46,309,168
Total liabilities	9,527,881	4,113,833	687,183	14,328,897

December 31, 2012	Equity	Hotels	Real Estate and Domestic	Total
Total revenues	424,650	1,503,830	1,549,233	3,477,713
Gross profit	318,389	311,384	551,517	1,181,290
Net (loss) income	254,051	(45,753)	498,776	707,074
Property and equipment, net	56,430	5,978,221	555,104	6,589,755
Total assets	16,465,116	19,015,600	6,362,183	41,842,899
Total liabilities	8,571,744	4,307,585	333,720	13,213,049

Equity segment includes finance charges and general and administrative expenses related to the Company and Kingdom 5-KR-11 Limited (KR-11).

b) As set out in Note 1 to the consolidated financial statements, the Group has diversified investments in various segments, concentrated geographically as follows:

- The activities of the equity segment are mainly concentrated in the United States of America and the Middle East.
- The Hotels segment comprises of various 'brands' which are spread in most parts of the world, but mainly in Europe, North America, the Middle East and Asia.
- The Real Estate comprises of significant concentration of properties in the Kingdom of Saudi Arabia.

31 Earnings per share

Earnings per share for the years ended December 31, 2013 and 2012 has been computed by dividing the income from operations and net income for each of the year by the number of shares outstanding during such year of 3,706 million shares.

32 Dividends declaration

The General Assembly of the Company, in its annual meeting held on March 26, 2013, approved quarterly cash dividends distribution totaling to Saudi Riyals 550.3 million for the year as recommended by the Company's Board of Directors.

The cash distributions have to be made to all shareholders on record as of the dates approved in the General Assembly meeting.

The first, second, third and fourth dividend distributions were made to all shareholders on record as of the dates approved in the General Assembly meeting.

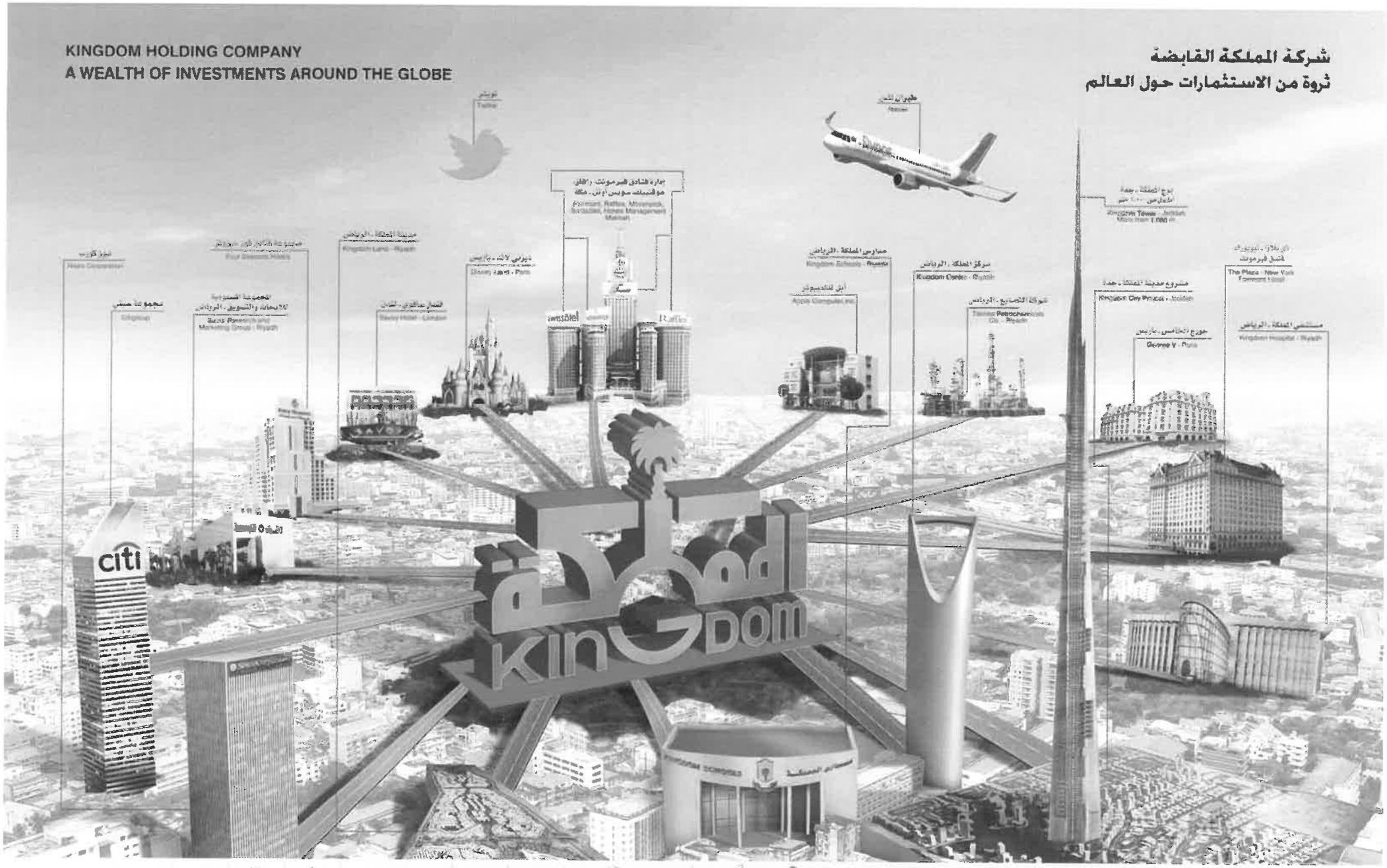
33 Comparative figures

Certain reclassifications have been made to the 2012 consolidated financial statements to conform with the current year presentation.

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KINGDOM HOLDING COMPANY
A WEALTH OF INVESTMENTS AROUND THE GLOBE

شركة المملكة القابضة
ثروة من الاستثمارات حول العالم



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